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Guidelines**

Additional submitted attachment is included below.



September 19, 2022

Docket Unit
California Energy Commission
Docket No. 18-IRP-01
715 P Street, MS-4
Sacramento, CA 95814

RE: Comments of the Joint Publicly Owned Utilities on Proposed Revisions to the Publicly Owned Utility Integrated Resource Plan Submission and Review Guidelines [CEC Docket No. 18-IRP-01]

Dear Commission Staff,

The California Municipal Utilities Association (CMUA), Northern California Power Agency (NCPA), and Southern California Public Power Authority (SCPPA) (collectively the “Joint POU’s”) respectfully submit these comments to the California Energy Commission (Commission) on the *Draft Commission Guidelines - Publicly Owned Utility Integrated Resource Plan Submission and Review* (Proposed IRP Guidelines), issued on August 5, 2022 and the *Staff Workshop on Publicly Owned Utility Integrated Resource Plan Guidelines*, held on August 8, 2022. The Joint POU’s greatly appreciate Commission staff’s efforts in developing the Proposed IRP Guidelines and for the opportunity to discuss these proposals during the August 8 Workshop. The Joint POU’s are encouraged by the Commission’s willingness to engage with stakeholders and look forward to working with the Commission on developing amendments to the IRP Guidelines that are transparent and workable. The publicly owned utilities (POU’s) are committed to meeting the state’s environmental and reliability goals, and many POU governing boards have adopted their own local renewable energy and carbon reduction goals.

As the Commission considers updating the IRP guidelines, it is essential that the Commission ensures that the scope of its review of POU integrated resource plans (IRPs) is limited to an evaluation of the consistency with Public Utilities Code section 9621.¹ This limited scope is

¹ All statutory references are to the Public Utilities Code, unless otherwise specified.

necessary to ensure that the review process does not infringe on the authority of the POU governing boards to make planning and operational decisions for the communities they serve. As described below, the Joint POU's have identified various areas where clarifications or different approaches would improve the IRP guidelines consistent with the appropriate scope of the Commission's review.

I. COMMENTS ON PROPOSED DRAFT GUIDELINES

A. Jurisdictional Limitations

1. The Guidelines Must Be Limited to the Scope of the Commission's Authority.

The content requirements for the POU IRPs are set forth in Section 9621(b)-(d). The Commission does not have the authority to add to or expand these reporting requirements. Instead, the Commission is directed to review the POU IRPs for consistency with Section 9621. Specifically, Section 9622(b) states that if the Commission determines that an IRP is "inconsistent with the requirements of Section 9621," then the Commission "shall provide recommendations to correct the deficiencies."² The creation of the Commission's IRP submission guidelines are authorized by Section 9622(c) and are purely limited to identifying the information necessary to support the Commission's review for consistency with Section 9621.

Based on this prescribed scope of authority, the Commission must ensure that the Proposed IRP Guidelines only mandate the reporting of information that is necessary for the Commission to evaluate whether the POU's IRP is consistent with a requirement specified in Section 9621. To the extent that the Commission seeks information for the purpose of supporting its statewide planning role, the Commission should consider proposing such information requests through a different proceeding. As discussed further below, some of the new reporting requirements identified in the Proposed IRP Guidelines are not requirements specified in Section 9621. The Joint POU's recommend that the Commission either remove those requirements from the proposed changes to the IRP Guidelines or clarify that any such reporting requirements are optional.

2. The IRP Submission Requirements are Set Forth in Section 9621 and May Not Be Altered by the Proposed IRP Guidelines.

Consistent with the statutory structure described above, the IRP adoption requirements are exclusively set forth in Section 9621(b). Section 9622 does not authorize the Commission to shorten the IRP adoption cycle. Specifically, Section 9621(b) mandates that on or before January 1, 2019, the governing board of each affected POU "shall adopt an integrated resource

² Cal. Pub. Util. Code § 9622(b).

plan and a process for updating the plan at least once every five years”³ This means each time a POU adopts an updated IRP, the five-year cycle starts over, and any additional restrictions on the frequency of updating an IRP is at the sole discretion of the POU’s governing board. Further, the Commission does not have the authority to direct POU’s to adopt updated IRPs or supplemental IRP filings simply because new IRP guidelines have been adopted.

The current draft of the Proposed IRP Guidelines appropriately reflects these limitations and the Joint POU’s encourage the Commission to keep this statutory structure in mind as it evaluates the various stakeholder comments.

B. Delayed Effective Date

1. The Joint POU’s Recommend that the Commission Adopt a Prospective Effective Date for the Proposed Guidelines

The IRP-development process is lengthy, with POU’s starting the process several years in advance of the anticipated adoption date. This initial preparation can include preparing solicitations for consultants to develop models and other products to support the analysis needed for the IRPs. When developing these solicitations, the POU will identify a scope of work and the desired products based on the IRP guidelines in place at that time. Even if a POU does not hire outside consultants to develop products for its IRP, the POU will still typically start the development process years in advance. This development schedule makes it very challenging for a POU to adjust to new requirements based on updated guidelines. Changes in requirements relating to forecasts, outputs, analysis, and/or conclusions may be outside the scope of the contract that the POU has with its consultant, or outside of the expertise of the in-house staff assigned to the task. This would mean that the POU might need to renegotiate the contract terms and payment amount, or in the alternative, seek additional staffing. Limitations on a POU’s solicitation process may restrict the POU’s ability to modify an agreement with a consultant after-the-fact. This could also mean that any models or products that have already been developed will need to be recreated. Consequently, any analysis or conclusions that rely on those models or tools may need to be prepared anew. These outcomes could both lead to significant costs and delays.

Furthermore, local governing board planning processes can also be lengthy in order to allow for robust public outreach and participation. Although the outreach can vary among POU’s, these processes are strictly at the discretion of the POU governing boards. Any changes in the IRP Guidelines that require alternative analyses must allow for robust public participation from our local communities.

³ *Id.*

In light of these challenges, the Joint POU's recommend that each update to the Commission's guidelines specify a reasonable future effective date. By identifying a future effective date, a POU that is already well along the process of developing its IRP can continue to do so without needing to incur significant additional costs and delay to the process. The POU's subsequent IRP would then conform to the new guideline requirements. Due to the extended IRP development timeline, the Joint POU's recommend that each update to the Commission's guidelines should specify that the effective date occurs eighteen months after adoption by the Commission.

C. Planning Reserve Margin

1. The Commission Does not Have the Authority to Mandate a Specific Planning Reserve Margin as Part of the IRP.

On September 7, 2022, the Public Advocate's Office (Cal Advocates) of the California Public Utilities Commission submitted comments in this proceeding that advocated for the Commission to take a number of actions relating to the planning reserve margins (PRMs) for POU's.⁴ Specifically, Cal Advocates urged the Commission to act within this proceeding to (i) adopt a minimum PRM for the IRP POU's, (ii) require the IRP POU's to file interim updates to show compliance with the new Commission-adopted PRM, (iii) adopt resource counting rules, (iv) require future amendments based on the outcome of the Commission's upcoming proceeding to implement the PRM-related provisions in Assembly Bill (AB) 209 (stats. 2022), (v) require the IRP POU's to ensure resources that are counted for resource adequacy are available to the California Independent System Operator (CAISO) during emergency conditions, and (vi) to gather data from and adopt a PRM for the POU's that are not required to submit IRPs. The Joint POU's urge the Commission to reject the recommendations of Cal Advocates as outside the scope of the authority granted to the Commission in the context of its review of the IRP and to defer consideration of the implementation of AB 209 until a proceeding is initiated for that specific purpose.

As described above, the scope of the Commission's authority in the IRP process is limited to reviewing POU IRPs for consistency with the requirements of Section 9621. Section 9621 does require that POU IRPs demonstrate that the POU will achieve goals of ensuring system and local reliability as well as strengthening the "diversity, sustainability, and resilience" of the grid.⁵ However, the Commission is not authorized by Section 9622 to mandate any specific PRM or

⁴ See Cal Advocates Comments on Publicly Owned Utility Integrated Resource Plan Guidelines, Sep. 7, 2022.

⁵ See Cal. Pub. Util. Code § 9621(b)(3) cross referencing Cal. Pub. Util. Code § 454.52(a)(1)(E) and (G) ("(E) Ensure system and local reliability on both a near-term and long-term basis, including meeting the near-term and forecast long-term resource adequacy requirements of Section 380, and require sufficient, predictable resource procurement and development to avoid unplanned energy supply shortfalls by taking into account impacts due to climate change, forecasted levels of building and transportation electrification, and other factors that can result in those shortfalls. . . . (G) Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities.").

other resource planning requirement or to order a POU to file an IRP more frequently than specified in Section 9621(b). While it is appropriate for the Commission’s IRP guidelines to request information relating to system planning and adopted PRMs, if the Commission identifies a deficiency, the authorized remedy is for the Commission to provide the POU with recommendations to correct the deficiency.⁶ Nothing in Section 9622 authorizes the Commission to adopt PRMs, resource counting rules, or to direct the POUs to take actions regarding resources relied on for resource adequacy. Further, the non-IRP POUs are not regulated by Section 9621 and are not subject to the Commission’s review process set forth in Section 9622 or the associated IRP guidelines.

Therefore, the Commission lacks the authority to act on any of the Cal Advocates recommendations in the context of this IRP proceeding and such recommendations are not appropriate for consideration as modifications to the IRP guidelines.

2. The Commission’s Recommendations on POU Planning Reserve Margins Pursuant to AB 209 Should be Addressed in a Separate Proceeding.

As described above, the Cal Advocates comments make various recommendations relating to the Commission’s implementation of the PRM-related provisions in AB 209. The Joint POUs urge the Commission to defer AB 209 implementation issues to a subsequent proceeding that is opened specifically to address those provisions. First, many of the POUs that will be affected by the Commission’s AB 209 recommendations are under the IRP size threshold specified in Section 9621(a) and are not required to submit IRPs to the Commission. As such, these POUs are not actively engaged in this proceeding and would not have a meaningful opportunity to respond to the Cal Advocates recommendations. Additionally, the implementation of AB 209 will be a significant undertaking and addressing these recommendations, even on an interim basis, would likely substantially delay this proceeding. The Joint POUs recommend that the Commission defer all questions relating to the implementation of AB 209 to a separate proceeding where all affected stakeholders will have an adequate opportunity to participate and where the Commission will have sufficient time to develop reasonable and informed recommendations.

3. The Cal Advocates Comments with Respect to the Conclusions in the Final Root Cause Analysis are Incomplete.

The Cal Advocates Comments contain statements that are inaccurate and incomplete. For example, Cal Advocates represent that the Final Root Cause Analysis (FRCA) concluded that POUs⁷ “failed” to implement rotating outages on August 14, 2022 when the CAISO requested

⁶ Cal. Pub. Util. Code § 9622(b).

⁷ The Cal Advocates Comments uses the term “CEC-jurisdictional” LSEs to describe local publicly-owned electric utilities. There is no such term in the Public Utilities or Resources Code, nor, as stated above, are CMUA members that are local publicly-owned electric utilities subject to any resource adequacy jurisdiction of the Commission.

load shedding.⁸ This statement is incomplete. The FRCA found that the notice provided was 10 minutes. The FRCA explains that even the largest utility distribution company (UDC), PG&E, did not have precise outages linked to CAISO directions. This was because of the short notice that required them to bypass the rotating outage protocols, and instead use NERC-based operating instructions, which resulted in longer-duration outages and manual restoration.⁹ Perhaps most importantly, the FRCA explains that the CAISO implemented improvements to test and verify communications channels, as well as conduct training and drills for all UDCs, large and small.¹⁰

In their emphasis on the POU PRMs, Cal Advocates leave out much more fundamental conclusions of the FRCA, which dwarf any potential impact of any purported comparison of POU and California Public Utilities Commission (CPUC) jurisdictional load serving entities (LSEs). To illustrate the lack of connection between a newly proposed Commission-driven PRM for POUs, the 2020 Root Cause Analysis found that actual production across the solar fleet during the Net Peak hours was 1000-1200 MW less than the resource adequacy (RA) value attributed to those resources under CPUC RA counting rules. For wind, the energy production was about 640 MW less than RA counting rules assumed on relevant hours.¹¹ For the various forms of Demand Response, actual performance was well over 1000 MW less than assumed in the RA crediting construct.¹² In aggregate these counting rules resulted in an overcounting of certain resources by about 3000 MW. We estimate, depending upon PRM assumptions, that any hypothetical increased POU procurement from increasing the PRM would be well below 100 MW, which, the Joint POUs understand, is significantly below the Demand Side Grid Support Program generation the CMUA customers enrolled during the recent cooperative response to the extreme heat event recognized by the Governor's proclamation of a State of Emergency.

CMUA looks forward to working with the Commission and interested stakeholders in the AB 209 PRM-specific process, at which time we would expect that a comprehensive and fresh look at how all procurement of both POUs and CPUC-jurisdictional LSEs supports grid reliability.

4. The Commission Should Clarify the Proposed Requirement to Provide the "Detailed Method" Used to Derive a POU's PRM.

The Proposed IRP Guidelines would add the following new sentence to the guidance on "Reliability Criteria" information: "The IRP Filing must report the planning reserve margin and the detailed method used for its determination."¹³ The Joint POUs believe that Commission staff's intent is for a POU that deviates from the industry standard of a 15 percent PRM to

⁸ Cal Advocates Comments at 3.

⁹ FRCA at 34-35.

¹⁰ *Id.* at 35.

¹¹ *Id.* at 49.

¹² *Id.* at 50-56.

¹³ Proposed IRP Guidelines at 12.

describe what the basis is for that deviation. To clarify this intent, the Joint POU's recommend that the Commission add additional language, such as the following:

“The IRP Filing must report the planning reserve margin and, if the planning reserve margin is not 15 percent, the detailed method used for its determination.”

D. Forecast Horizon

1. Section 9621 Does not Require a Forecast Horizon Beyond 2030.

Section 9621(b) specifies that the POU IRPs must demonstrate that the POU will meet the 2030 targets for both the renewables portfolio standard (RPS), as well as the greenhouse gas emissions reduction targets that are established by the California Air Resources Board, in coordination with the Commission. The mandatory planning horizon of the POU IRPs is therefore limited to this 2030 target and Section 9622 does not authorize the Commission to modify this planning horizon. Further, the 2045 target specified in Executive Order B-55-18 is only included in Section 9621 in the context of the new transportation electrification information required by Section 9621(b)(4), not the overall forecast and planning targets.

While the Joint POU's appreciate that various state policies set 2045 targets, none of those targets are incorporated directly or by reference into Section 9621. Indeed, when the legislature expressly considered and integrated one such policy, Executive Order B-55-18, into Section 9621(b)(4), it did so narrowly. Though the Executive Order sets a goal of carbon neutrality by 2045, the legislature did not require POU's to plan for that goal through their IRP processes. Instead, through Senate Bill (SB) 437 (stats. 2021), the legislature required that POU's merely “include, as applicable, details of the utility’s electrical service rate design that support transportation electrification,” along with incentives and rebates that support transportation electrification.¹⁴ Through SB 437, the legislature could have easily required POU's to adopt planning horizons through 2045, but it did not. Section 9621 simply does not require POU's to set planning horizons past 2030, and the Commission does not have the authority to alter the planning horizon.

Additionally, forecast data that looks more than 10 years into the future is both difficult to generate and likely of very limited value. Because many POU's do not typically forecast retail sales and other data that far into the future, it would require POU's to develop new forecasting methods. This would likely be both costly and time consuming. Further, forecasts that far into the future are less accurate than near-term forecasts and would provide little planning value.

¹⁴ Cal. Pub. Util. Code § 9621(b)(4).

The Joint POU's do recognize that the state has established various important goals to be achieved by 2045 and that it may be appropriate for POU's to describe their efforts toward those goals. Therefore, the Joint POU's urge the Commission to make the post-2030 forecast data a recommendation rather than an express requirement. Alternatively, the IRP guidelines could include a recommendation that a POU describe its own 2045 goals and efforts in support of the state's 2045 goals.

E. SB 437 Reporting Requirements

1. The Commission Should Develop an Optional Set of Assumptions and/or a Tool to Estimate Total Drivers' Cost Savings.

The Proposed IRP Guidelines request that POU IRPs include the following information: "Total drivers' cost savings in POU territory associated with displacing fossil fuel consumption due to increased EV adoption and use (that is, difference between electricity costs and petroleum costs)."¹⁵ While not required for IRPs, the Joint POU's recognize the value of this information and plan to coordinate with the Commission on this request. One concern is that many POU's may not have developed tools to estimate local fuel costs, assumptions about when customers charge their electric vehicles, and where their customers are typically charging (*e.g.*, home versus third-party charging stations). The lack of these assumptions will make it difficult for a POU to estimate these costs. There would likely be value in having the Commission take the lead in developing an optional set of assumptions and or tool to help POU's estimate these costs. The Joint POU's recommend that the use of these assumptions and/or tool be optional because some POU's have already developed internal tools to estimate this data.

F. Duplicative Reporting

1. The Commission Should Ensure that Data included in the IRP is not Already Reported to the Commission in other proceedings.

The Joint POU's note that some of the information required in the IRP filings is already collected by the Commission or other state agencies. For example, POU's are already required to submit copies of their RPS procurement plans to the Commission after the plan is updated. In addition, the standardized tables duplicate information collected through the Integrated Energy Policy Report (IEPR) supply forms. The Joint POU's recommend that the Commission leverage these existing reporting avenues and remove duplicative requirements.

¹⁵ Proposed IRP Guidelines at 12.

G. Reporting Forms.

1. The Commission Should Release Draft Versions of the Reporting Forms and Seek Stakeholder Input.

In order to ensure that the updated IRP reporting forms are clear and easy to understand, as well as free from errors, the Joint POU's request that the Commission release draft versions of the reporting forms prior to finalizing these documents. This will allow the POU's the opportunity to review and comment on the forms, which is likely to improve the reporting process and reduce the likelihood of problems being identified late in the IRP submission process.

II. CONCLUSION

The Joint POU's appreciate the opportunity to provide these comments to the Commission. Thank you for your time and attention to these comments.